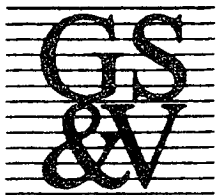


**TOWN OF SELBYVILLE**  
**AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**



**GRABOWSKI, SPARANO & VINCELETTE**

CERTIFIED PUBLIC ACCOUNTANTS  
1814 NEWPORT GAP PIKE  
WILMINGTON, DELAWARE 19808

TELEPHONE (302) 999-7300

TELEFAX (302) 999-7183

THOMAS J. GRABOWSKI, CPA  
JOSEPH C. SPARANO, CPA  
CHARLES J. VINCELETTE, CPA

MEMBER AMERICAN INSTITUTE OF CPA'S  
DELAWARE SOCIETY OF CPA'S

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Town of Selbyville  
68 West Church Street  
Selbyville, Delaware

We have performed the procedures enumerated below, which were agreed to by the Town of Selbyville, State of Delaware's Office of the Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the Town's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2008. The Town of Selbyville's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the Town of Selbyville's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2008 and detail any instances of noncompliance.

The Town of Selbyville received municipal grant funds under the following programs for the year ended June 30, 2008:

Municipal Street Aid  
Police Pension  
State Aid to Local Law Enforcement  
Emergency Illegal Drug Enforcement

**FINDING NO. 08-1** During completion of the Town of Selbyville's program checklist for the Municipal Street Aid grant, it was noted that the Town paid an invoice 30 days after the due date which is in noncompliance with the State's regulations over disbursement of its funds [29 Del. C. §6516(d)]. The Assistant Secretary/Treasurer's policy is to wait until all invoices are received for the month and then pay all invoices on the same day. Failure to comply with the provisions of guidelines relating to the administration of grant funds may affect future funding.

**RECOMMENDATION** The Town should ensure that controls are in place so that invoices are paid within thirty (30) days.

**TOWN'S PLAN FOR CORRECTIVE ACTION**

*The Town will pay all invoices associated with Municipal Street Aid fund within the 30 day period. If an invoice comes in after the current monthly invoices have been paid, an additional check will be issued to avoid having the invoice exceed the 30 days period.*

2. Address the status of any findings and recommendations disclosed in previous reports.

**FINDING NO. 05-1** During completion of the Town of Selbyville's program checklist for the municipal street aid grant, it was noted that their cash internal control structure over municipal street aid had limited segregation of duties due to the lack of personnel. The Town Manager does review all checks, invoices, and bank reconciliations. He is not a check signer. Segregation of duties reduces the risk that one person could perpetrate and/or conceal errors in the normal course of his/her duties.

**CURRENT STATUS** The Town of Selbyville has initiated policies and procedures which have increased the internal controls over Municipal Street Aid funds to an acceptable level.

**FINDING NO. 05-2** During completion of the Town of Selbyville's program checklist for the Municipal Street Aid (MSA) grant, it was noted that their financial documents and transactions were administered in accordance with the applicable laws and regulations, and that their financial reports were submitted timely to the Office of the State Treasurer, but the financial report was not accurately prepared or reviewed [30 Del. C. §5165(b)(2)]. The total expenditures amount on the annual report was \$108,152.40 and should have been \$29,152.40. The accurate preparation of the annual report is an important requirement of the grant.

**CURRENT YEAR STATUS** The Town of Selbyville's Municipal Street Aid grant's financial report submitted to the Office of the State Treasurer for the current year was accurately prepared.

**FINDING NO. 05-3** During the completion of the Town of Selbyville's program checklist for the Police Pension grant, it was noted that the Town did not submit to the State Board of Pension Trustees by April 1, a listing of retired police officers receiving benefits from the Town as of December 31 of the preceding year, excluding those receiving benefits from the State of Delaware County and Municipal Police Pension Plan as required by the Delaware Code [18 Del. C. §709(b)]. The State Board of Pension Trustees has not requested this information from the Town or provided a format for the Town to submit this information to them. Failure to comply could result in the loss of grant funding.

**CURRENT YEAR STATUS** Since the Town of Selbyville does not participate in the proceeds of the insurance tax as outlined in 18 Del. C. §708(c)(2) they were not required to file the listing for the current year.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Selbyville's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Grabowski, Sparano  
Vincellette, CPA's*

Wilmington, Delaware  
January 6, 2009